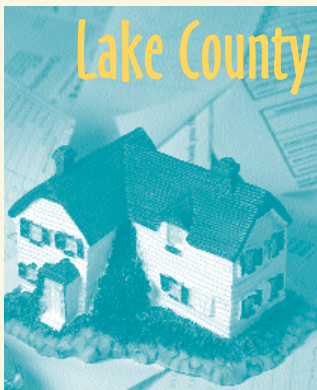




State Representative

Charlie Brown

Wants you to know the facts about



Property Taxes

This card contains information on the goals of property tax legislation and the unique situation that exists in Lake County. I have also included updates on current study commissions that are reviewing property tax procedures.

For further information or if you have any questions please feel free to contact me at 800-382-9842 or visit my website at www.in.gov/H3.

Rep. Charlie Brown

Indiana House of Representatives
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History of Property Tax Legislation

Provided by Rep. Charlie Brown

Court-Ordered Reassessment

A 1997 analysis by the State Board of Tax Commissioners of assessment practices in Lake County found that Calumet and North townships were the two most highly staffed and budgeted offices, yet they had two of the least accurate assessments in Indiana.

As a result of this study, the State Legislature passed House Bill 1902 in 2001. Due to persistent under-assessment and inconsistent values among similarly situated properties, the bill required the Indiana Department of Local Government Finance to perform the 2002 court-ordered reassessment for Lake County.

House Bill 1902 included several measures to help taxpayers including allowing local governments to use gaming revenue to reduce property tax levies and create an income tax circuit breaker to target relief to low-income homeowners.

Steel Industry and Taxes

In 2003 House Bill 1858 was passed. Despite what some have heard, House Bill 1858 had NO impact on the disputed 2002-PAY-2003 tax bills. This bill means that beginning with the 2004 taxes, US Steel will begin paying more in personal property taxes on their machinery and equipment than they are currently paying, adding an estimated \$268 million to taxes collected. With House Bill 1858, based on a tax rate of \$9 per \$100 of valuation, US Steel would pay approximately \$24 million more in personal property taxes for 2004 taxes.

Minimizing the Effect

In order to minimize the effect of the court-ordered reassessment, House Bill 1001 was passed during the 2002 session. This bill included an increased Homestead or Standard Deduction from \$6,000 to \$35,000 and doubled the Homestead Credit from 10 to 20 percent. The bill also assumed a greater share of school funding through replacement of 60 percent of all general fund levies and maintained the 20 percent Property Tax Replacement Credit.

Senate Bill 296 was passed this year to increase property tax deductions for the elderly, blind and disabled veterans as well as increased deductions for historic and low-assessed rehabilitated properties.



Lake County Property Tax Distribution

In 2002, Lake County property tax revenues were distributed to:

| | |
|---------------------|--------|
| Local Schools | 35.35% |
| Cities and Towns | 28% |
| Lake Co. Government | 24.29% |
| Public Libraries | 3.55% |
| Townships | 3.37% |
| Other | 5.39% |
| State of Indiana | 0.04% |

Property Tax Study Commissions

There are two legislative study commissions studying property taxes in Indiana.

The Property Tax Replacement Study Commission is looking into the possibilities of eliminating approximately 50 to 100 percent of net property tax levies. In addition, the group is considering ways to find efficiencies and simplify the next reassessment in 2007.

A second study group, the Commission on State Tax and Financing Policy, is currently studying state, county and city tax structures with respect to: revenue producing characteristics; equalities and fairness; enforcement policies and administrative practices; costs of collection in relation to the burden of the tax; and elimination of property taxes and a replacement source of revenue. Special attention is being given to relieve the distress of the people in Lake County.